

**Trimble Township Waste Water Treatment District  
Athens County  
Regular Audit  
For the Years ended December 31, 2006 and 2005**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Trimble Township Wastewater Treatment District  
18551 Jacksonville Road  
Jacksonville, Ohio 45740

We have reviewed the *Independent Accountant's Report* of the Trimble Township Wastewater Treatment District, Athens County, prepared by Perry and Associates, CPA's, A.C., for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Trimble Township Wastewater Treatment District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 23, 2007

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**Trimble Township Waste Water Treatment District  
Athens County**

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Certified Public Accountants, A.C.

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**Independent Accountant's Report**

June 22, 2007

Board of Trustees  
Trimble Township Waste Water Treatment District  
18551 Jacksonville Road  
P.O. Box 278  
Jacksonville, Ohio 45740

To the Board of Trustees:

We have audited the accompanying financial statements of the business-type activities of the Trimble Township Waste Water Treatment District, Athens County, Ohio, (the District) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' Government Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the business-type activities of the District as of December 31, 2006 and 2005, and the respective changes in cash financial position for the years then ended in conformity with the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2007, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Trustees  
Trimble Township Waste Water Treatment District  
Independent Auditor's Report Page 2

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information nor did we express an opinion on it.

Respectfully Submitted,

**Perry and Associates**  
**Certified Public Accountants, A.C**

**Trimble Township Waste Water Treatment District**  
**Athens County**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2006 and 2005*  
*Unaudited*

This discussion and analysis of Trimble Township Waste Water Treatment District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the District's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key highlights for 2006 and 2005 are as follows:

Net assets of business-type activities decreased \$60,079 (11.43 percent) in 2006 and \$52,739 (9.12 percent) in 2005.

The District's receipts are primarily from charges for services. These receipts represent 92.18 percent and 94.41 percent of the total cash received for business-type activities during 2006 and 2005, respectively. The remaining receipts are attributed to interest earnings and miscellaneous receipts.

The District's disbursements are primarily for personal services, contract services, supplies and materials, and debt service payments. These disbursements represent 91.28 percent and 86.22 percent of the total cash disbursed for business-type activities during 2006 and 2005. The remaining disbursements are attributed to utilities, transportation, capital outlay, and other disbursements.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

The District is an enterprise fund using proprietary fund accounting, similar to private sector business. The Basic Financial Statements are presented using the cash basis of accounting that is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Report Components**

The Statements of Net Assets-Cash Basis and the Statements of Cash Receipts, Cash Disbursements and Changes in Net Assets – Cash Basis provide information on the District's cash basis operations over the past two years and the success of recovering all its costs through user fees, charges, and other receipts.

The notes to the financial statements are an integral part of the basic financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.



**Trimble Township Waste Water Treatment District**  
**Athens County**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2006 and 2005*  
*Unaudited*

**Reporting the District as a Whole**

The statement of net assets and the statement of cash receipts, cash disbursements, and changes in net assets reflect how the District did financially during 2006 and 2005, within the limitations of cash basis of accounting. The statement of net assets presents the cash balances and investments of the business-type activity of the District at years end. The statement of cash receipts, cash disbursements, and changes in net assets compares receipts and disbursements for the District. These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other non-financial factors as well such as the District's customer base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, and the reliance on non-local financial resources for operations.

In the statement of net assets and the statement of cash receipts, cash disbursements, and changes in net assets, the District is reported as one type of activity:

Business-Type Activities – All of the District's basic services are reported here. Charges for services from customers represent the District's largest source of receipts.

**The District as a Whole**

Table 1 provides a summary of the District's net assets for 2006 compared to 2005 and 2004 on a cash basis:

(Table 1) Net Assets

	Business - Type Activities				
	2006	2005	Change	2004	Change
<b>Assets</b>					
Cash and Investments	\$465,434	\$525,513	\$(60,079)	\$578,252	\$(52,739)
Total Assets	<u>465,434</u>	<u>525,513</u>	<u>(60,079)</u>	<u>578,252</u>	<u>(52,739)</u>
<b>Net Assets</b>					
Restricted for Loan Reserve	187,537	187,537	-	187,537	-
Unrestricted	<u>277,897</u>	<u>337,976</u>	<u>(60,079)</u>	<u>390,715</u>	<u>(52,739)</u>
Total Net Assets	<u>\$465,434</u>	<u>\$525,513</u>	<u>\$(60,079)</u>	<u>\$578,252</u>	<u>\$(52,739)</u>

As mentioned previously, net assets of the District decreased \$60,079 or 11.43 percent during 2006 and \$52,739 or 9.12 percent during 2005. The primary reasons contributing to the decreases in cash balances are as follows:

- The District had significantly receipts on delinquent accounts in 2005 then 2006.
- The District disbursed \$36,182 for capital outlay in 2005.
- Table 2 reflects the changes in net assets in 2006 and 2005. A comparative analysis of government-wide data has been presented for 2004.

**Trimble Township Waste Water Treatment District**  
**Athens County**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2006 and 2005*  
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(Table 2)  
Statements of Changes in Net Assets - Cash Basis

	2006	2005	2004
Operating Cash Receipts:	\$ 442,746	\$485,518	\$470,049
Operating Cash Disbursements:	357,499	383,903	331,712
Operating Cash Receipts Over/(Under) Operating Cash Disbursements	85,247	101,615	138,337
Non-operating Cash Receipts/Disbursements):			
Interest	23,298	14,627	7,316
Miscellaneous	14,287	14,097	13,802
Debt Service:			
Principal	(47,000)	(43,000)	(41,000)
Interest	(133,750)	(135,865)	(137,880)
Other Non-operating Cash Disbursements	(2,161)	(4,213)	(1,366)
Total Non-operating Cash Receipts/(Disbursements):	(145,326)	(154,354)	(159,128)
Excess of Cash Receipts Over (Under) Cash Disbursements	(60,079)	(52,739)	(20,791)
Net Assets, January 1	525,513	578,252	599,043
Net Assets, December 31	\$ 465,434	\$525,513	\$578,252

Operating cash receipts decreased from 2005 to 2006 by \$42,772 and operating cash disbursements decreased by \$26,404. There was a difference of \$9,028 from non-operating cash receipts/disbursements from 2005 to 2006.

Operating cash receipts increased slightly from 2004 to 2005 by \$15,469 and operating cash disbursements increased by \$52,191. There was a difference of \$4,774 from non-operating cash receipts/disbursements from 2004 to 2005.

**Capital Assets**

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The District had capital outlay of \$36,182 in 2005 and no capital outlay in 2006.

**Debt**

Under the cash basis of accounting the District does not report bonds in the accompanying basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds. Additional information regarding debt can be found in Note 4 to the basic financial statements.

**Trimble Township Waste Water Treatment District**  
**Athens County**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2006 and 2005*  
*Unaudited*

(Table 3)  
Debt

	2006	2005	2004
Wastewater Treatment			
System Revenue Bonds:			
Series 1993 - Interest Rate 5.00%	\$2,151,000	\$2,189,000	\$2,225,000
Series 1995 - Interest Rate 4.50%	348,000	354,000	359,000
Series 1998 - Interest Rate 4.50%	183,000	186,000	188,000
 Total Debt Outstanding	 \$2,682,000	 \$2,729,000	 \$2,772,000

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joy Hemsley, Secretary-Treasurer, Trimble Township Waste Water Treatment District, 18551 Jacksonville Road, P.O. Box 278, Jacksonville, Ohio 45740.

Trimble Township Waste Water Treatment District  
Athens County

Statement of Net Assets - Cash Basis  
For the Years Ended December 31, 2006 and 2005

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	<u>2006</u>	<u>2005</u>
<i>Assets</i>		
Cash and Cash Equivalents	\$ 465,434	\$ 525,513
<i>Total Assets</i>	<u>465,434</u>	<u>525,513</u>
<i>Net Assets</i>		
Restricted for Loan Reserve	187,537	187,537
Unrestricted	277,897	337,976
<i>Total Net Assets</i>	<u>\$ 465,434</u>	<u>\$ 525,513</u>

See accompanying notes to the basic financial statements.

Trimble Township Waste Water Treatment District  
Athens County

Statement of Cash Receipts, Cash Disbursements and  
Changes in Net Assets - Cash Basis - Proprietary Fund  
For the Years Ended December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
<b><i>Operating Cash Receipts:</i></b>		
Charges for Services	\$ 442,746	\$ 485,518
<b><i>Total Operating Cash Receipts</i></b>	<b>\$ 442,746</b>	<b>\$ 485,518</b>
<b><i>Operating Cash Disbursements:</i></b>		
Personal Services	207,452	196,004
Utilities	36,486	33,980
Transportation	8,479	3,769
Contractual Services	66,459	67,738
Supplies and Materials	38,623	46,230
Capital Outlay	-	36,182
<b><i>Total Operating Cash Disbursements</i></b>	<b>357,499</b>	<b>383,903</b>
Operating Cash Receipts Over/(Under) Operating Cash Disbursements	85,247	101,615
<b><i>Non-operating Cash Receipts/(Disbursements):</i></b>		
Interest	23,298	14,627
Miscellaneous	14,287	14,097
Debt Service:		
Principal	(47,000)	(43,000)
Interest	(133,750)	(135,865)
Other Nonoperating Cash Disbursements	(2,161)	(4,213)
<b><i>Total Non-operating Cash Receipts/(Disbursements)</i></b>	<b>(145,326)</b>	<b>(154,354)</b>
<b><i>Excess of Cash Receipts Over (Under) Cash Disbursements</i></b>	<b>(60,079)</b>	<b>(52,739)</b>
<b><i>Net Assets, January 1</i></b>	<b>525,513</b>	<b>578,252</b>
<b><i>Net Assets, December 31</i></b>	<b>\$ 465,434</b>	<b>\$ 525,513</b>

See accompanying notes to the basic financial statements.

**Trimble Township Waste Water Treatment District**  
**Athens County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Trimble Township Waste Water Treatment District, Athens County, Ohio, (the District), is a regional sewer district organized under Ohio Revised Code Chapter 6119, by the Athens County Common Pleas Court on October 3, 1986. The District operates under the direction of an eight member Board of Trustees whose membership is composed of two appointments from each of the participating subdivisions. The membership elects a President, Vice-President, and a Secretary-Treasurer, who are responsible for fiscal control of the financial resources of the District.

The District was established to provide a modern, efficient, and effective wastewater treatment system to promote the general health and safety of the citizens of the District and to make economic development in the area more feasible. The District services all or parts of the following political subdivisions:

- Village of Trimble
- Village of Jacksonville
- Village of Glouster
- Trimble Township

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent upon the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. No separate government units meet the criteria for inclusion as a component unit.

The District's management believes the financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

These financial statements are presented on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). General accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities or its enterprise funds.

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**Trimble Township Waste Water Treatment District**  
**Athens County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

C. Deposits and Investments

For reporting purposes, the District considers “Net Assets” and “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the District with a maturity date less than or equal to three months from the date of purchase.

The investment in STAR Ohio (the State Treasurer’s investment pool) is valued at amounts reported by the State Treasurer.

Certificates of deposit are valued at cost.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. Proprietary Fund Type

This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the District is the Enterprise Fund.

2. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs or providing certain goods or services will be recovered through user charges. The District uses their Enterprise Fund to account for the provision of wastewater treatment services to customers.

E. Basis of Presentation

The Village’s basic financial statements consist of a government-wide statement of net assets and a fund financial statement which provides a more detailed level of financial information.

F. Cash Receipts—Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On a cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements and donations. The District did not have any of these types of transactions during 2006 - 2005.

**Trimble Township Waste Water Treatment District**  
**Athens County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

H. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled, and re-appropriated in the subsequent year. 2006 and 2005 budgetary activity appears in Note 3.

I. Capital Assets and Depreciation

Capital assets (fixed assets) acquired or constructed for the District are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately in the basic financial statements.

J. Accumulated Leave – Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability in the accompanying basic financial statements.

K. Long-Term Obligations

In general, bonds, long-term loans, and capital leases are recorded as cash disbursements in the basic financial statements when paid and are not reflected as a liability in the accompanying basic financial statements.

L. Net Assets

Net assets (cash basis) represent the difference between assets and liabilities. Since under the District's current basis of accounting, the District does not record any other assets other than cash and investments and does not record any liabilities, net cash assets is equivalent to cash and investments. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted for Loan Reserve is comprised of net assets restricted for future debt payments in the event of default. The District is required to have an amount greater than the next year's payment in the Loan Reserve Fund. The District has elected to leave the amount greater than the next year's payment in the Reserve Fund.



**Trimble Township Waste Water Treatment District**  
**Athens County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

2. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the District has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio); and,
8. Commercial paper and bankers acceptances if training requirements have been met.

**Trimble Township Waste Water Treatment District**  
**Athens County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

2. DEPOSITS AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The carrying amount of the Districts' deposits was \$54,171 and \$85,073 as of December 31, 2006 and 2005, respectively. The District's bank balances were \$ 57,899 and \$88,077 as of December 31, 2006 and 2005, respectively. Of the bank balances, 100 percent was covered by federal depository insurance for each year.

All of the District's investments were with STAR Ohio during the period presented. The amount held in STAR Ohio as of December 31, 2006 and 2005 was \$411,263 and \$440,440 respectively.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2006 and 2005 was as follows:

	<u>Budgeted vs. Actual Receipts</u>	
	<u>2006</u>	<u>2005</u>
Budgeted Receipts	\$ 543,838	\$ 542,313
Actual Receipts	<u>480,331</u>	<u>514,242</u>
Variance	<u>\$ (63,507)</u>	<u>\$ (28,071)</u>

	<u>Budgeted vs. Actual Budgetary Basis Expenditures</u>	
	<u>2006</u>	<u>2005</u>
Appropriation Authority	\$ 579,088	\$ 622,825
Budget Expenditures	<u>540,410</u>	<u>566,981</u>
Variance	<u>\$ 38,678</u>	<u>\$ 55,844</u>

**Trimble Township Waste Water Treatment District  
Athens County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2006 and 2005*

4. DEBT

Debt outstanding at December 31, 2006 and 2005, was as follows:

Name	Description	Principal Outstanding 12/31/04	Additions	Deductions	Principal Outstanding 12/31/05	Additions	Deductions	Principal Outstanding 12/31/06
United State Department of Agriculture-USDA	System Revenue Bonds 1993 - Interest Rate 5.00%	\$ 2,225,000	\$ -	\$ 36,000	\$ 2,189,000	\$ -	\$ 38,000	\$ 2,151,000
United State Department of Agriculture-USDA	System Revenue Bonds 1995 - Interest Rate 4.50%	359,000	-	5,000	354,000	-	6,000	348,000
United State Department of Agriculture-USDA	System Revenue Bonds 1998 - Interest Rate 4.50%	188,000	-	2,000	186,000	-	3,000	183,000
<b>TOTALS</b>		<b>\$ 2,772,000</b>	<b>\$ -</b>	<b>\$ 43,000</b>	<b>\$ 2,729,000</b>	<b>\$ -</b>	<b>\$ 47,000</b>	<b>\$ 2,682,000</b>

The outstanding bonds were issued for 40 years. Principal and interest payments are due each year on September 1 for the Series 1993 and Series 1995 bonds. Principal and interest payments are due each year on December 1 for the Series 1998 bonds. Proceeds from the bonds were used for sewer construction. Property and revenue of the District have been pledged to repay the debt.

Amortization of the above debt, including interest is as follows:

Year Ending December 31	Series 1993 Revenue Bonds	Series 1995 Revenue Bonds	Series 1998 Revenue Bonds	Total
2007	\$ 146,550	\$ 21,660	\$ 11,235	\$ 179,445
2008	146,600	21,390	11,100	179,090
2009	146,550	22,120	10,965	179,635
2010	147,400	21,805	10,830	180,035
2011	147,100	21,490	10,695	179,285
2012-2016	734,150	109,230	54,315	897,695
2017-2021	734,600	108,060	54,815	897,475
2022-2026	735,700	108,415	54,190	898,305
2027-2031	734,650	108,620	54,305	897,575
2032-2036	293,650	87,000	54,665	435,315
2036-2038	0	0	21,350	21,350
Total	<u>\$3,966,950</u>	<u>\$ 629,790</u>	<u>\$ 348,465</u>	<u>\$4,945,205</u>

**Trimble Township Waste Water Treatment District**  
**Athens County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

5. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Board participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member-directed plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional pension plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701 or 800-222-7377.

For the years ended December 31, 2006 and 2005, the members of all three plans were required to contribute 9.0 and 8.5 percent of their annual covered salaries. The Board's contribution rate for pension benefits for 2006 and 2005 were 13.70 and 13.55 percent. Actual employer contributions for 2006 and 2005 were \$10,789 and \$8,097, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

6. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional pension or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contributions to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rates were 13.7 and 13.55 percent of covered payroll; 4.00 and 5.00 percent of covered payroll were the portions that were used to fund health care for 2006 and 2005, respectively.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

**Trimble Township Waste Water Treatment District**  
**Athens County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

6. POSTEMPLOYMENT BENEFITS (Continued)

The number of active contributing participants in the traditional and combined plans approximated 376,000 in 2006 and 2005. Actual employer contributions which were used to fund postemployment benefits were not yet available. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

7. RISK MANAGEMENT

***Public Entity Pool of Ohio***

The District is a member of the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio political subdivisions. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member political subdivisions pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

***Casualty Coverage*** PEP retains up to \$250,000 per claim, including loss adjustment expenses. PEP makes an annual contribution to APEEP. APEEP reinsures casualty claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. If losses exhaust PEP's net assets, APEEP covers PEP's retained casualty risk up to \$10,000,000 per year, subject to a per-claim limit of \$2,000,000. Local political subdivisions can elect additional coverage, up to a limit of \$12,000,000 from the General Reinsurance Corporation.

***Property Coverage*** PEP retains property risks, including automobile physical damage, up to \$100,000 in any one occurrence. APEEP reinsures property losses that are greater than \$100,000 up to \$250,000 per occurrence. The Travelers Indemnity Company reinsures losses exceeding \$250,000 up to \$600,000,000 per occurrence.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government.

***Financial Position*** PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2005 and 2004, (the latest information available):

**Trimble Township Waste Water Treatment District**  
**Athens County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

7. RISK MANAGEMENT (Continued)

	<u>2005</u>	<u>2004</u>
Casualty Coverage:		
Assets	\$29,719,675	\$27,437,169
Liabilities	<u>(15,994,168)</u>	<u>(13,880,038)</u>
Net Assets	<u>\$13,725,507</u>	<u>\$13,557,131</u>
Property Coverage:		
Assets	\$4,443,332	\$3,648,272
Liabilities	<u>(1,068,246)</u>	<u>(540,073)</u>
Net Assets	<u>\$3,375,086</u>	<u>\$3,108,199</u>

***Perry & Associates***  
Certified Public Accountants, A.C.

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

June 22, 2007

Board of Trustees  
Trimble Township Waste Water Treatment District  
18551 Jacksonville Road  
P.O. Box 278  
Jacksonville, Ohio 45740

To the Board of Trustees:

We have audited the financial statements of the business-like activities of the Trimble District Waste Water Treatment District, Athens County, (the District) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 22, 2007, wherein we noted the District followed the requirements of Governmental Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be considered significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Trimble Township Waste Water Treatment District  
Athens County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

#### Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

This report is intended solely for the information and use of District management and Board of Trustees and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,

**Perry and Associates**  
**Certified Public Accountants, A.C.**





**Mary Taylor, CPA**  
Auditor of State

**TRIMBLE TOWNSHIP WASTEWATER TREATMENT DISTRICT**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 2, 2007**